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IRAQ GOVERNANCE STRENGTHENING PROJECT (GSP/ TAQADUM)

Current Provincial Budgeting Process in Iraq

September 2012

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SUBMITTED BY CHEMONICS INTERNATIONAL
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I. Acknowledgments

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2. Abbreviations and Acronyms

ARDP	Accelerated Reconstruction and Development Program
BoQ	Bill of Quantities
CG	Central Government
CoM	Council of Ministers
CoR	Council of Representatives
Gol	Government of Iraq
GL	General Ledger
GO	Governor's Office
LGP	Local Governance Program
MMPW	Ministry of Municipalities and Public Works
MoF	Ministry of Finance
MoP	Ministry of Planning
O&M	Operation and Maintenance
PC	Provincial Council
PDP	Provincial Development Plan (1-year plan)
PDS	Provincial Development Strategy (5-year plan)
PFM	Public Financial Management
PPL	Prioritized Projects List/Proposed Projects List
SAB	Supreme Audit Board
USAID	United States Agency for International Development

3. Executive Summary

Iraq GSP has conducted an Iraq-wide assessment of the current provincial budgeting process in the July - August 2012 interval in 15 Governors' Offices (GOs) and Provincial Councils (PCs). The assessment was designed to assess the provincial budgeting process to explore more sustainable approach to continue building transparent and accountable public finance system at the provincial level.

Specifically, the assessment focused on few dimensions:

- review and analysis of the current status of the preparation and execution of the investment and operational budget within the GOs including the preparation and execution of ARDP budget, procurement methods, public tender procedures, payment procedures and project handover procedures;
- review and analysis of current roles and responsibilities in the preparation and execution of the provincial investment and operational budget as well as capacities and training needs within the GOs;
- review and analysis of the current status of the preparation and execution process of the operational budget within the PCs as well as current roles and responsibilities in the PC's operational budget and training needs within the PCs;
- review and analysis of the PC's oversight role in reviewing and monitoring the planning and execution of ARDP budget.

The findings of the assessment highlighted the need for taking a holistic but gradual approach in strengthening the provincial budgeting and financial management system in Iraq, strengthening all elements of the budgeting cycle including budget planning, formulation, execution and financial reporting with the need to address issues related to budget spending and accounting system, monitoring system and audit functions and enhancing capacities for more effective management of the capital investment projects.

Subject to government approval, there are a number of improvement opportunities across the process areas in the provincial budgeting and financial management systems based on the results of this study. The following is a list of recommended technical support areas that the GOs and PCs could benefit from:

Provincial budget preparation and planning practices: The focus should be to:

- improve the overall budget planning practices (revenues and expenditures planning)
- develop the administrative structure for the financial department in the GOs and organize its work
- link planning functions to the organization structure
- integrate development planning with the budgeting process
- establish mechanisms for citizens participation in the provincial decision and policy-making processes and practices

Provincial budget execution and reporting: The focus should be to:

- adopt international accounting standards and consider transition from cash to accrual basis accounting
- improve accounting and bookkeeping system through improved accounting procedures, recording of accounting transaction and the production of a reliable and accurate financial statements.
- develop and unify the use of financial forms
- develop the financial reporting system; support quality and transparency in the reporting practice
- implement budget monitoring system and institutionalize internal audit functions

Provincial capital investment budgeting: The focus should be to:

- improve strategic investment planning practices in all provinces in Iraq
- integrate capital investment planning with budgeting
- introduce Results-Based Budgeting (RBB) approaches (programs and performance budgeting method)
- Develop cost accounting mechanism
- Enhance capacities for the implementation of capital investment projects; build capacities for more effective project, procurement and contract management
- Design and implement project monitoring system

Technical assistance and capacity building training program: The focus should be to:

- develop and offer a special training program for members of the provincial councils to enhance their oversight performance in reviewing and monitoring the planning and execution of the provincial budget.
- develop and deliver capacity building training programs focusing on the critical technical skills and knowledge needed in the GO's departments involved in the planning and execution of the budget. This recommendation is critical to improve human capital talent to operate the systems more efficiently.

Budgeting and financial management procedural manual: The focus should be to:

- develop a procedural manual which should include the bases and details of all budgeting and financial operations. The manual should serve as a guide for the provincial budgeting and financial management staff to improve overall performance.

Pilot approaches are recommended in the implementation of the proposed solutions. The nature of pilot implementation means tangible, measurable results must be achieved and must be achieved rapidly in order to gain the confidence of stakeholders and provide lessons learned to inform the design of a more comprehensive roll-out program.

Finally, the recommended improvements in this study should create an opportunity for the decision makers at the central and provincial levels to consider practical solutions to establish a strong foundation for enhanced provincial financial management system and in particular improve the planning and execution of the provincial capital investment

budget; a key consideration to improve budget execution and project completion rates and tackle the challenges stem from unspent allocations for ARDP projects.

4. Introduction

Iraq Governance Strengthening Project (GSP) has undertaken a strategic initiative to strengthen the provincial budgeting system working closely with the Governors' Offices (GOs) and Provincial Councils (PCs) in 15 provinces.

Accordingly, a set of assessment tools, that are commonly applied in rapid assessment of the local government's capacity development, were developed by the GSP team. The assessment questionnaires were introduced to GSP Provincial and Regional Coordinators for discussion and feedback through two assessment orientation workshops. The workshops offered detailed explanations of the assessment objectives, methodology, structure and procedures. The first workshop was held in Hilla on Sunday July 15th, 2012 for the provincial and regional coordinators representing the South and South Central regions. The second workshop was held in Bagdad on Tuesday July 17th for the provincial teams representing the North and Central regions.

The assessment tools were also tested in Babil's GO before they were made available for country-wide circulation. Appropriate inputs received from the government officials in Babil and Najaf provinces were also reflected in the final design of the tools prior to the execution phase.

Objectives of the Assessment

The aim of this study is to assess the current status of the provincial budgeting process across the GOs and PCs focusing primarily on the provincial investment budgeting process from budget preparation to budget execution. GSP needed to assess the current status and systems being used for budgeting and assess the knowledge gaps of related staff members to establish a baseline for focused programming and targeted capacity building and technical interventions.

The overall objectives of the provincial budgeting process assessment were as follows:

- Assess the current status of the budgeting process across the Governors' Offices (GOs) and Provincial Councils (PCs) to develop programs and interventions for more effective and better response to the their needs.
- Develop clear understanding of the status of staff within the Governors' Offices (GOs) and Provincial Councils (PCs) as it relates to budgeting knowledge and experience.
- Develop clear understanding of current roles and responsibilities in the investment budgeting process for a typical governors' office and provincial council and provide recommendations for revisions to role and responsibilities.

- Identify training needs related to budget formulation and execution.
- Promote the ownership of the respective levels of governance over the activities supported through the GSP program by way of informing them on the findings of the assessment and using them in future programming.

Methodology

The assessment involved the use of tools and techniques for collection and analysis of information including:

1. desk study of the necessary relevant documents
2. individual interviews with the related officials
3. group consultation as per need and practicality
4. cross-verification of information
5. observation

Types of Respondents

Different sets of respondents from the GOs and PCs were consulted during the assessment process: a) provincial officials familiar with provincial budget requirements and responsible for making related decisions; b) administrative and technical officials such as department managers, committee heads and heads of financial, planning and budgeting departments and provincial staff members.

Conducting the Assessment

The assessment was conducted by Iraq GSP team with technical support from GSP Senior Budgeting and Public Finance Specialist. The assessment team was comprised of GSP Regional Managers, Provincial Coordinators and Project Specialists. The assessment targeted the following 15 provinces targeting both the GOs and PCs; Anbar, Babil, Baghdad, Basrah, Dhi Qar, Diwaniyah, Diyala, Karbala, Kirkuk, Maysan, Muthanna, Najaf, Ninawa, Salah ad Din and Wasit.

The assessment execution phase started on July 22nd and was concluded on August 16th, 2012. The assessment started with seeking proper approval from the targeted GOs and PCs to carry out the assessment.

Scope and Constraints

The three provinces of Duhok, Erbil and Sulaymaniyah in the Kurdistan Region are outside the scope of this assessment because they are not included in the year 1 GSP

workplan. These three provinces will be included in the GSP scope of work after provincial council elections in these provinces.

The focus of the assignment is to develop clear understanding of the status and content of the provincial capital budgeting process within the Governors' Offices. Central government ministries sectoral agencies located in the provinces working at the local levels such as education, health, water and sanitation, agriculture, social services and others were beyond the scope of the assessment.

At this stage, the provincial accounting system was not included in the scope of this study. Nonetheless, certain aspects of the financial management system were covered.

GSP did not receive fully completed assessment forms from a few GOs and PCs due to special circumstances including the timing of the assessment process coincided with the holy month of Ramadan and Eid holiday and travel out of the country for key provincial officials. Some respondents indicated that they were unable to answer some of the questions or provide copies of supporting documents such as financial reports or forms because they were not authorized to do so.

5. The Legal Framework for the Provincial Budget

The legal foundation for the preparation and execution of the provincial budget can be found in several sources. Among these sources are:

- The Constitution of Iraq – 2005
- Law No. 95 - Financial Management and Public Debt Law – 2004
- Law No. 21 - Law of Governorates Not Organized Into a Region – 2008
- The Annual General Federal Budget Law (Federal Budget)
- Budget preparation instructions issued by the Ministry of Finance on an annual basis
- Annual instructions on the execution of the General Federal Budget

The provincial budgeting process is also guided by provincial legislations, the Provincial Development Strategy (PDS), and the Provincial Development Plan (PDP).

There is a set of procedural laws addressing rules and regulations supporting the implementation of the investment and operational budgets such as:

- Public Contracts Law No. 87 of 2007 and its amendment in 2008
- Instructions for Execution of Government Contracts (Law No. 87) of 2008 and its amendment in 2010
- Subsidiary regulations and guidelines issued by MoP
- Quick Start Contracting Guide – 2007
- Foundations of economic feasibility studies for 2008
- Contract conditions for civil engineering work
- Contractor requirements for mechanical and electrical works

According to law 21, article 31 first paragraph, the role of the Governor in the provincial financial affairs include drafting the general budget for the province in accordance with the constitutional standards, except for those which fall within the jurisdiction of the federal government, and submitting the budget to the provincial council. The general draft budget will include the budget of the administrative units and its offices in the province. It does not include however the budgets of line ministries units providing services in the provinces.

The legal foundation for the provincial council's role in monitoring the planning and execution of the provincial investment budget comes from law 21. Law 21 gives the provincial council the authority to review, change, and transfer funds among chapters of

the draft provincial general budget. According to law 21, article 7, fifth paragraph, the councils approve the budget for the province as a whole. The draft general budget includes budgets of the provincial council, district and sub-district councils, governor's office, and offices of heads of administrative district and sub-district units. The provincial council and the local councils are subject to monitoring by the Council of Representatives.

6. Provincial Budget Components

The Provincial General Budget is a combination of both the operational budget and investment budget. The operational budget contains operations and maintenance (O&M) expenses and the investment budget contains capital investment project funding. The provincial investment budget is also known as ARDP budget.

The Provincial General Budget includes the budgets of the provincial council and the governor's office. It also includes the budgets of the local councils as well as the budgets of the districts and sub districts offices. It is submitted to the Provincial Council (PC) for review and approval.

The operational budget covers expenditures required for the government's daily operations such as employee salaries and wages, supplies, services and maintenance, finance charges, electricity, fuel, travel expenses, and all other operational expenses which are then broken down into the existing Iraqi budget classification system: staffing expenditures, service requirements, goods requirements, asset maintenance, capital expenditures, transferred expenditures, foreign obligations and staff and retirement rewards.

The sources of provincial revenues are mainly central government transfers; services and investment projects; local fees, fines, taxes, sale and rental of state properties and donations or gifts.

There is a strong relationship between the Operational Budget and the Investment Budget. Investment projects require financial support from the Operational Budget when the projects are completed. For examples, new buildings will require operating and maintenance costs. Therefore, sustaining funds for ARDP projects must be anticipated and planned for at the time an investment project is planned under capital investment expenditures.

7. Accelerated Reconstruction Development Program (ARDP)

There are several sources of funding available for the provinces:

- The general federal operational budget
- Accelerated Reconstruction Development Program (ARDP) funds for capital investment projects.
- and locally-generated revenues

ARDP is a program designed for the transfer of funds from the federal government to local governments for service and development projects. In 2006, the Government of Iraq (GoI) transferred reconstruction funds to the province to implement projects to meet public service needs. Since then, each annual general budget maintained the same authorization for provincial reconstruction funding.

Generally, ARDP projects tend to be short-term projects and low-scale infrastructure projects. ARDP budget is a separate category within the federal budget and limited to the provinces. It is also known as provincial investment budget. In 2008, ARDP budget amounted to about 9% of the General Federal Budget.

While the majority of capital investment funding for the provinces will be allocated through the central government's line ministries, the PCs and GOs have authority and oversight for the planning, budgeting and implementation of ARDP funds. They have no authorities over CG ministries investment budget used to fund their investment projects in all provinces through central government departments located in the provinces.

There is however a certain level of coordination between the GOs and the central government departments located in the provinces regarding investment project plans since both the ARDP investment project listings and the provincial central government ministerial project listings are required to reflect the Provincial Development Strategy (PDS) for the province. The PDS is a plan that communicates a vision for the province. It lists 3-5 year objectives of the local government focused upon development of the province in a manner that is consistent with the national development plan. The PDS also identifies the means and tools for achieving these objectives and ultimately realization of the provincial vision.

After the approval of the PDS by the PC, the GO under the supervision of the PC develops what is called Provincial Development Plan or PDP to transform strategies outlined in the PDS into annual projects and procedures that can be implemented in one year. The outlined procedures may involve legal, administrative or financial actions that may contribute to improve public service delivery. The list of projects prepared by the GO for the purpose of implementing the provincial strategy in response to citizens' needs is known as ARDP Proposed Project Listings (PPL) which is compiled during the provincial budget formulation period. The PPL is required by the Ministry of Planning (MOP) for investment projects.

8. The Current Status of the Preparation and Execution of the Investment Budget within the GOs

This section describes the findings of the assessment related to the work process for the preparation and execution of the provincial investment or ARDP budget within the GOs. It describes the most common sequence of tasks/activities, the roles and responsibilities among the GO departments/units involved in the process, and monitoring the execution of the investment budget.

First: The preparation of the provincial investment (ARDP) budget

The study shows that the investment budget formulation process does not follow clearly established calendar. Important parts of the preparation process include feasibility studies, cost estimates and deliverable schedules to determine project costs. The study exposes the following most common practiced procedures in the preparation of the provincial investment budget.

Step 1: The provincial district and sub-district prepare a Proposed Project Listing (PPL) to be funded by ARDP using forms designed by the MoP. Some district and sub-district do not use standard forms. They simply submit a list of proposed investment projects.

Step 2: The GO's entity responsible for the preparation of the investment budget collects budget requests from the spending units, district offices, and sub-district offices and holds meetings with the managers of the ministerial directorates which are located within the province to determine and prioritize needed projects in order to prepare an initial list of proposed projects.

The assessment revealed that the GO's entity responsible for the preparation of the investment budget varies from GO to another. In some provinces, it is the Planning and Follow-Up department that is technically responsible for the preparation of the investment budget. In other provinces, it is the Strategic Planning Committee that is assigned the technical responsibility for the preparation of the investment budget.

Projects are selected based on a number of factors and the selection process is guided by whether the proposed projects are compatible with the Provincial Development Strategy. The projects are normally prioritized based on the urgent and actual needs of the province and the consistency with population density or the size of the population benefiting from the projects. Other factors such as availability of land for certain projects is also taken into consideration.

Step 3: The initial list of proposed projects is sent out to the ministerial provincial directorates to prepare economic feasibility studies and bills of quantities (BoQs).

It appears that the GOs do not have the required technical capacities to perform these activities. Investment budget estimates are based on the estimated cost of the projects contained in the list of proposed projects. Usually, engineers provide cost estimates for the proposed projects and the sum of these costs for each project represents the total value of the investment budget.

Step 4: Once all projects have been reviewed, a preliminary draft list of proposed projects is submitted to the Governor.

Step 5: The Governor reviews the PPL, adds comments, and then submits it to the PC.

Step 6: The PC reviews and possibly modifies the list. Once approved by the PC, the PPL is returned to the Governor's Office.

Step 7: The Governor forwards the approved PPL to the MoP for final approval.

Step 8: The MoP discusses the PPL with the GO. Possible modification to the PPL could be made.

Step 9: The MoP and MoF consult with each other on draft budget allocation requests.

Step 10: The MoP approves the PPL and includes it in the draft ARDP budget to be included in the draft annual federal budget.

MoF submits the annual federal budget which includes the draft Operational, Investment, and ARDP budgets to the Council of Ministers (CoM) for approval. The CoM reviews the draft federal budget and consults with the MoF and MoP on modifications to the proposed allocations. In the end, the CoM approves the final draft budget and returns it to the MoF for submission to the Council of Representatives (CoR).

The MoF presents the amended final draft budget to the CoR for consideration and approval. The CoR considers the draft budget and consults with the MoF on recommended reallocations or modifications of the planned expenditures. The CoR is expected to approve the annual budget by the 31st of December. The Presidency Council issues the annual Budget Law at the recommendation from the CoR.

The final approved General Federal Budget is published in the Official Gazette.

Second : The execution of the ARDP budget

The execution of the provincial investment budget or ARDP budget begins after the ratification of the federal annual budget. Therefore the start date of the budget execution phase depends on how long it takes for the Ministry of Planning to approve the list of proposed ARDP projects for each province and the time it takes to ratify the annual

general federal budget by the Council of Representatives. The study shows however that GOs in general do not wait for the CoR approval of the annual budget, they start making advertisement and probably sign contracts based on MoP approval of the PPL.

After obtaining the required approval from the Ministry of Planning on the province's list of capital investment projects and receive part of their annual allocation funding from the Ministry of Finance for the implementation of the approved investment projects, the GOs begin the execution phase of the investment budget.

All spending units receive 10% of their investment budget allocations when the CoR initially approves the budget. Additional allocation releases are approved based upon submission of Allocation Release Requests to the MoP. The progress in the execution of the investment budget is measured based on how much is spent on projects at certain point in time.

A Governor would use payments paid to the contractor as they implement the project as a measure to gauge progress made. So if 30% of the funds committed to a project have been disbursed to the contractor, then it indicates 30% of the project has been implemented. This percentage is referred to as budget execution percentage or budget execution rate. *Over all, the budget execution rate remains low with limited numbers of projects completed with the availability of a significant surplus of unspent allocations.*

The assessment revealed the following most common procedures used in the execution of the investment budget related to procurement methods with a focus on public tender, disbursement of payments to contractors and project handover with a very limited variations noted in some GOs.

Contracting/Procurement Methods

Procurement for public contracts follows one of several methods permitted under Law 87 the Instructions for the Execution of Government Contracts of 2008 and its amendment in 2010. Selection of any one of these methods depends on several factors including size, complexity, and urgency of the project.

- *Direct Implementation:* used when the beneficiary of the project is implementing the project directly. The beneficiary in this case is typically a ministerial directorate or department located in the province using its own resources. The GOs largely lack the require resource to use this type of implementation methods.
- *Direct Invitation:* an invitation to bid is typically sent out to a limited number of companies or contractors. The GOs generally use this method in the case of a confidential nature to the project or if there is an urgent need to speed implementation.

- *Sole Bid*: The GOs tend to use this kind of execution methods in the event that the project has a highly specialized nature. This method is conducted by an invitation to one bidder after securing the required approvals.
- *Purchasing committees*: This type of methods is used in the procurement of commodities and services whose values are less than 50,000,000 (Fifty Million) Iraq Dinars or any other amount determined in the recurrent budget.
- *Public Tender*: This is the most common method, where there is a public announcement of a tender open to all who wish to implement the project whose value is not less than 50 million dinars or any other amount determined by the concerned parties in accordance with predetermined conditions. For more details on this method, please refer to the guidelines for the implementation of government contracts law 87 of 2008 which was amended in the year 2010.
- *Limited Tender*: This method involves public invitation to those who would like to participate in the tender and bid on projects whose amounts are less than (50,000,000) fifty million Iraqi dinars or any other amount determined by the concerned authorities. In the first phase, documents showing technical and financial qualification of the participants are submitted according to relevant laws and regulations. A specialized screening committee selects a limited number of qualified bidders to participate in the second phase. In the second phase, only qualified bidders are directly invited to submit their bids. There must be no less than (6) six invitations for 6 qualified bidders eligible to participate in the limited tender.
- *Two-Stage Bidding*: This method is carried out in two stages; the first stage is the technical bid stage followed by the financial bid stage. In the first stage, the bidders submit technical bids based on the initial design of the project. In the second stage, only the bidders whose technical bids have been accepted are invited to submit their financial offers in accordance with the conditions established by the contracting authorities.

Public Tender Procedures

It appears from the finding of the assessment that a public tender is the most widely used method within the GOs in the implementation of the capital investment projects.

The procedures for the public tender method are mainly as follows:

Bid advertisements are made through at least three types of media such as newspapers, bulletin board inside the GO's building, radio or television adds, official website, street signs and banners in public places.

Project advertisements run for a specified period of time, depending on the nature of

work and the cost of the project. During the announcement period, the Governor orders the formation of two committees:

- Bid Opening Committee
- Bid Analysis and Selection (Contract Award) Committee

Sometimes the Bid Analysis and Selection Committee is broken into two committees; Bid Analysis Committee and Bid Selection or Contract Award Committee.

After the end of the advertisement period and the expiration of the deadline to submit bids, the Bid Opening Committee opens the special bids box and make inventory of its content in the presence of all committee members. All bids in the bids box are recorded in an official report document. The bid opening document mainly lists the names of the bidders.

The bids opening committee must meet after the closing date of the tender. The committee publicly opens the bids in the presence of the contractors representatives in a previously specified place. The committee prepare a record or a form to be signed by the head of the committee and the committee members as well as representatives of the bidders. The signed form is designed by the Ministry of Planning. The price of each bid is announced on the bulletin board in the governor's office.

All bids opening record documents and forms are forwarded to the Bid Analysis and Selection Committee. Within 30 days from the date it receives bids opening record documents, the Bid Analysis and Selection Committee reviews and analyzes the bids and confidentially make recommendation to the appropriate provincial contracting authority for contract awards.

During the analysis process, the committee takes into account the following:

- Exclusion of bids that fall below tender technical specifications even if they are the lowest prices.
- Exclusion of inefficient contractors based on previous experience with contracts carried out by them.
- Financial efficiency demonstrated through final accounts approved by a chartered accountant for the last year if required by the tender documents.
- The volume of the financial obligations of the contractor or supplier or consultant during the year.
- Ability to adhere to timelines for completion and delivery.
- Satisfactory performance record in previous work.
- The availability of technical and skilled capabilities for the execution of the terms of the contract (engineering and technical staff and special equipment).
- A list of completed similar works, if any.

Once the Bid Analysis and Selection Committee concludes its reviews and analysis of all bids, it performs the following tasks:

- Organize tenders table showing all details and deficiencies (if any) along with technical, financial and legal comparisons and evaluations.
- Specify the name of the selected or recommended candidate for contract award and the basis upon which the committee is making its selection or recommendation for contract award.
- This information is submitted to the authorized contracting authority for approval. The decisions of contract award goes into effect once the winning bidder signs the contract within 14 days of notification. In case of failure of the winning bidder to sign the contract within the set period, the contracting authority may issue a warning for the winning bidder to sign the contract with 15 day. In the case of rejection, the contracting authority can take certain legal action set forth in the "Instructions for Execution of Government Contracts (Law No. 87) of 2008".

After the contractor or company signed the contract with the contracting authority, the project's site is handed over to the contractor to start the implementation of the project (all project documentation must have duplicate copies; one copy for the accounts department and another for legal and contracting department)

At this stage, the contractor or the implementing company can apply to the accounts department of the investment budget in the governor's office for the initial or advance payment.

Payment Procedures

One of the most important procedures for the execution of the ARDP investment budget is the disbursement of payments to contractors in accordance with the terms and conditions of the contracts. If the contract provided for an initial advance payment to contractor, such payment is paid after the signing of the contract. The rest of payment installments are paid based on the terms and conditions of the contract and they are typically linked to the progress of work.

These procedures have been the bottleneck in the process of the budget execution. To ease and streamline these procedures will allow for improved execution of the provincial investment budget.

It should be pointed out that there are certain legal procedures that need to be followed in this regard. How to perform these procedures will determine the success of the province in implementing its investment budget.

The assessment findings reveal the following standard procedures for making payments or installments. After the contractor completes part of the work according to the terms and conditions of the contract, the procedures for obtaining an installment payment for completed work are as follows:

1. The contractor submits a request to the resident engineer on site or the supervising engineer for the project, the request should include the quality and quantity of completed work in accordance with the project execution schedule and the amount owed.
2. The resident engineer checks the request and ensures its compliance with the terms of the contract and project implementation schedule. The verification process may involve inspection of the actual work and its quality and conformity with the specifications.
3. After verifying that the requested payment is proportionate to the work accomplished, the resident or supervising engineer endorses the request for payment.
4. The contractor takes the request to the investment budget accounts department at the governor's office where the request is examined to ensure it is a valid request and consistent with payment conditions outlined in the contract.
5. The investment budget accounts department drafts a check to the contractor with the value of the payment or installment. The check is delivered to the Governor for signature.
6. The contractor receives the signed check from the accounts department.

If the GO does not have the capabilities to do proper verification prior to the issuance of the advance payment or installment, the ministerial directorate benefiting from the project in the province perform the required verifications before the GO prepare the check for payment.

It should be noted that before making payments on projects, funds must be deposited in the Investment Bank Account of the spending unit. This is accomplished through allocation release requests submitted to the MoP, approved by the MoF, and issued by the Central Bank of Iraq (CBI). *The findings of the assessment show that problems in making timely payments to the contractors contributed to interruptions of work and low*

budget execution rate for the ARDP budget. Occasionally, contractors demanded compensations for the delays in payments.

Project Handover Procedures

After the end of all phases of the project, the following procedures are followed for project's handover.

1. The contractor submits a request to the resident engineer or supervising engineer showing the completion of all phases of the project and formally request a preliminary handover of the project and the release of the rest of the financial dues.
2. The resident engineer endorses the request of the contractor and forward the request to the head of the beneficiary department of the project (any provincial organization to which the project is being implemented for) for the purpose of forming a committee to handle the initial handover of the project.

The beneficiary department of the project is typically a ministerial directorate in the province. For example, if the project is a construction project of a school, then the ministerial education directorate in the province forms a committee to be responsible for the project handover.

3. The head of the beneficiary department issues instructions to form a handover committee to be responsible for the initial handover of the project. The committee is composed of people with background in finance, engineering, and auditing.
4. This committee conducts on-site inspections of the project to ensure proper execution of all phases of the project in accordance with the terms of the contract and in full compliance with the technical specifications as outlined in the contract.
5. The committee presents its recommendations about the project to the head of the beneficiary department for consideration. In the absence of any irregularities, the head of the beneficiary department approves the initial handover of the project.
6. After the initial handover of the project, all remaining financial dues to the contractor are released after deducting the legal amount which is usually 5% -10% for maintenance insurance.

After the successful conclusion of the maintenance period, the contractor submits a request for a final handover and the release of all withheld maintenance insurance amount.

7. The head of the beneficiary department issues an order to form another committee to manage the final handover, made up of people with background in finance,

engineering and auditing. They must be new members; other than those who participated in the initial handover.

8. The final handover committee checks all final acceptance details of the project. If the committee does not find any problems, it submits its final report to the head of the beneficiary department along with a recommendation for the acceptance of the final handover of the project and the release of all remaining financial obligations to the contractor.
9. After the approval of the final handover, the project is turned to the accounts department to conduct the necessary financial transactions to close all project's accounts.
10. The accounts department writes a check for all withheld amount for the maintenance insurance plus any other remaining balance to the contractor, and closes all related project's accounts and finalize the close-out of the project.

The period between the initial handover and final acceptance is called maintenance period ranging from 6 months to a year depending on the nature of the project and the terms of the contract.

Third: Main roles and responsibilities in the preparation and execution of the provincial investment budget:

The following authorities exercise a specific role in the process of preparation and execution of the provincial investment budget.

Roles and responsibilities in the preparation of the provincial investment budget

Directorate of Planning and Follow-Up:

The *Directorate of Planning and Follow-Up* administratively belongs to the Governor but it is linked technically to the Ministry of Municipalities and Public Works (MMPW). This Directorate collects project requests coming from the districts and sub districts as well as project requests from the ministerial departments or directorates in the province into a unified initial projects list. This list eventually represents the proposed projects to be funded through ARDP fund.

Planning Departments (located in the provincial ministerial directorates):

These departments collect project proposals from their branches throughout the province and consolidate them into one list and send it to the Directorate of Planning and Follow-Up. The planning departments are responsible for preparing economic feasibility studies and bills of quantities (BoQs) for the proposed projects.

The assessment revealed that since the GOs lack the required expertise to conduct economic feasibility studies for their ARDP proposed project listings, the planning departments prepare these economic feasibility studies and bills of quantities on behalf of the GOs.

Sometimes, some of the GOs resort to forming committees called the Budget Preparation Committees. The Budget Preparation Committee is normally made up of representatives from the Directorate of Planning and Follow-up and Planning Departments to compile project proposals from districts and sub districts and central government ministries departments or directorates in one list of project proposals. In this case, the committee would be responsible for preparing the economic feasibility studies and bills of quantities for all the projects on the list. Sometimes, the investment budget accounts department is represented in such committees and gets involved in the preparation of the investment budget as is the case in the province of Najaf.

Provincial Council:

Once received from the Governor, the Chairman of the Provincial Council distributes the draft investment budget or the proposed projects list to relevant council committees based on role and competencies for their reviews.

The council committees review the list to make sure that the proposed projects do not contradict with the requirements of the Constitution, relevant federal laws and legal standards such as population density and the needs of the province. The council committees also make sure the proposed projects fit within the Provincial Development Strategy and Provincial Development Plan.

The Chairman of the PC calls for a special meeting to discuss the draft investment budget. If there are objections from the council members or any changes, the list is returned to the Governor for the purpose of making amendments. Once the budget or the final list of proposed projects has been approved by the Provincial Council, the council chairman sends the PC approved ARDP budget to the Governor to forward to the Ministry of Planning.

Ministry of Planning:

The Ministry of Planning discusses the list of projects with the GO knowing that the MoP has the authority to make adjustments to the list of projects approved by the provincial Council

If there are no objections or changes, the MoP approves the list of projects for the province. The list is then discussed with Ministry of Finance for fund allocations and in the end the final list is returned to the province for implementation.

Ministry of Finance:

After approval by the Ministry of Planning of the list of ARDP projects, the MoP notifies the Ministry of Finance for the allocation of the amounts required for the implementation of the projects, taking into account the rolled over funds and allocations of ongoing projects.

Roles and Responsibilities in the Execution of the Provincial Investment Budget

The following sections describes roles and responsibilities of key players inside and outside the GOs.

A: Roles and responsibilities for key players inside the Governor's Office:

Investment Budget Accounts Department:

Responsible for organizing and recording the financial and accounting transactions related to the execution of the investment budget. It also manages all investment budget accounts and balances at the bank.

Investment budget Audit Department:

Checks all financial and accounting transactions related to the execution of the investment budget.

Public Contracting Department:

Handles all government contracts related issues. It manages all contracts procedures and follows up the implementation of project activities such as calculating the extra periods and stops and notifying the accounting department in case the project exceeds the legal limit and follows up procedures to withdraw the contract if conditions called for that.

Directorate of Planning and Follow-Up:

The Directorate of Planning and Follow-Up follows up with all technical procedures concerning the investment budget. It carries out field inspection and issues technical reports on projects completion percentage or rates and inform the accounting department of any additional periods granted to company or contractor to complete the project. The technical reports on projects completion percentage are utilized in making payments and disbursements to the contractors. The directorate also follows up on delays and problems in the implementation and contribute to the investigation of project implementation problems.

B: Roles and responsibilities of key players outside the Governor's Office:

Ministry of Planning:

Responsible for issuing instructions for the execution of the investment budget in addition to preparing all forms associated with the execution of the budget process.

Central Government Ministerial Directorates or Departments (located in the provinces):

Monitor and supervise the implementation of the investment projects through field inspection. It should be pointed out however that the monitoring and supervision of the implementation of the investment projects is not limited to engineers from the CG ministerial directorates benefiting from ARDP funded projects. Field inspection is also carried out by engineers from the GOs. The GO's Planning and Follow-Up Department and the Engineering Department are involved in monitoring and inspection of these projects.

Provincial Council:

It exercises its monitoring role over the execution of the investment budget through reports that it receives or requests to the Governor's Office.

Fourth: Monitoring the execution of the investment budget

The Governor's Office has a cadre of engineers who are overseeing the projects under implementation and reporting to the Deputy Governor for Technical Affairs. Copies of these reports are also submitted to the Department of Planning and Follow-Up.

Each project is assigned one engineer or more depending on the size of the project for the purpose of monitoring the implementation. These engineers perform on-site inspections where some of them reside on-site on a daily basis or visit the project sites at least twice a week to follow up on the progress of work in the project.

The Governor's oversight role is exercised through reports presented by project managers, engineers, as well as through planning and follow-up reports to the Governor in case of any problem in the implementation. The Governor also receives reports on projects from audit department in case of any financial problems in projects execution. So there are several sources where the GO can obtain information concerning the implementation in accordance with the terms of the contracts.

It appears from the findings of the assessment that more robust project monitoring system should be designed and implemented to improve the monitoring of project implementation.

9. The Current Status of the Preparation and Execution of the Operational Budget within the GOs

This section describes the findings of the assessment related to the work process for the preparation and execution of the operational budget within the GOs. It describes the most common sequence of tasks/activities and the roles and responsibilities among the GO departments/units involved in the process.

First: Procedures for the preparation of the operational budget

The results of the study show that budgets' estimation is generally based on the previous year's performance results. Development of the operational budget is largely based on historical data from previous budget periods. This involves reviewing what the funding was in the previous year and adding an arbitrary percentage increase which in some cases about 3%. Obviously, this kind of budget formulation can lead only to dismal budget performance and government's failure to meet the needs of the public. The "items budget" model that is adopted by the provincial governments can be characterized with inaccuracy, subjectivity, and does not depend on a systematic method to affirm the validity of the budgeted revenues or expenditures.

The assessment findings revealed the following tasks/activities in the preparation and execution the operating budget in the governors' offices.

Step 1: MoF issues the annual budget preparation instructions and sends them out to the GOs.

Step 2: The Governor forms a committee comprised of the heads of Operational Budget Accounts Department, Operational Budget Audit Department, HR Department, Maintenance Services Department to prepare the operational budget.

Under certain circumstances such as delays in the issuance or receiving MoF budget instructions, the Operational Budget Accounts Department prepares the draft operational budget.

Step 3: The committee receives expenditure estimates from all departments/units in the GO and from the districts and sub districts offices as well.

Step 4: The committee consolidates these expenditures estimates into a unified draft operational budget using budget classification forms provided by MoF.

Step 5: The draft budget is forwarded to the Operational Budget Audit Department to check for errors in calculations.

Step 6: The committee sends the draft operational budget to the Governor for approval.

Step 7: After Governor's approval, the Operational Budget Accounts Department sends the draft operational budget to the Ministry of Finance.

Step 8: The Ministry of Finance discuss the operational budget with the Governor's Office and sometimes adjusts some of the budget items before the GO's operational budget is finally approved.

Second: Procedures for the execution of the operational budget

The execution of the operational budget is a recurring process of paying salaries and purchasing goods and services, which allows the government to function. The operational budget reflects the recurring expenditures that are needed to keep the provincial governments running.

Operational expenditures are repeated and have a tendency to remain historically similar from one period to the next. Still, they should be closely monitored.

The study shows the following most common tasks/activities in the preparation and implementation of operational budget in the Governor's Office:

1. The GOs receives operational budget expenditure allocations from MoF in the form of monthly transfers.
2. The GO starts making payments for expenses according to the operational budget items.
3. Compensation of employees will be disbursed on a monthly basis according to the maturity and grade.
4. The GOs send reports on the implementation of the operating budget to the Ministry of Finance, including:
 - monthly trial balance
 - cash budget
 - Consolidated Monthly Report

Third: Main roles and responsibilities in the preparation and execution of the operational budget:

The following parties play a key role in the process of preparation and execution of the GO's operational budget.

A: Roles and Responsibilities within the Governor's Office**Operational Budget Accounts Department:**

Responsible for preparing the draft operational budget in cooperation with the rest of GO's departments.

Operational Budget Audit Department:

Verifiers the validity and accuracies of the estimated amounts in draft budget items.

Human Resources Department:

Provides Operational Budget Accounts Department with the number of employees in the GO and their salary grades and new hiring plans.

Maintenance Services Department:

Provides accounting department with maintenance services expenses estimates of all types such as maintenance of buildings, vehicles, and equipments ..etc

B: Roles and Responsibilities Outside the Governor's Office**Districts and Sub-Districts Offices:**

Responsible for the preparation their operational budges and send them to the governor's office

Ministry of Finance:

Issues budget preparation instructions and forms

10. Identified training needs within the GOs

The assessment identified a number of training programs requested by each governor's office which participated in the study. It is expected that these training activities will improve the efficiency of the planning and execution of the GO's general budget. The following table presents a summary of the requested training programs by the GOs.

Region	Governor's Office	GOs' Training Programs
Central	Baghdad	budget planning and execution, feasibility studies, financial management and government accounting, record keeping, payroll management
	Anbar	operational and investment budgets (planning and execution), feasibility studies, strategic planning
South Central	Babil	all training topics related to budget planning and execution
	Wasit	operational and investment budget planning and execution, feasibility studies, internal audit
	Najaf	operational budget planning and execution, financial management and government accounting
	Karbala	financial management and government accounting, budget preparation, budget preparation estimation, feasibility study, project management
	Diwaniyah	operational and investment budget planning and execution, financial planning, budgeting legal framework, human resources management, negotiations and conflict management, crises management
South	Basrah	financial management and government accounting, operational and investment budget (planning and execution), project planning, project planning and management
	Dhi Qar	operational budget (planning and execution), strategic management, project management, project monitoring and evaluation
	Maysan	operational and investment budget planning and execution, management, project management, computer skills training, monitoring and evaluation
	Muthanna	budget planning and execution, internal audit, leadership, management and supervisory skills training, organizational structures, job descriptions, financial management, accounting
North	Ninawa	budget planning, key performance indicators, medium term planning, strategic management, economics
	Salah ad Din	planning and budgeting
	Diyala	N/A
	Kirkuk	N/A

Table 1: The table shows requested training programs by the governors' offices

II. The Current Status of the Preparation and Execution of the Operational Budget within the PCs

The provincial councils (PCs) prepare their annual operating budgets. The PC operational budget is used for recurring expenses such as salaries, fuel and office supplies. This section describes the findings of the assessment related to the preparation and execution of the operational budget within the PCs. It describes the most common procedures in the preparation and execution of the operational budget, the roles and responsibilities among the PC's committees and departments involved in the budgeting process and finally the PC's role in monitoring the planning and execution of the provincial investment budget or ARDP fund.

First: Procedures for the preparation of the operational budget

The study shows the following most common procedures in preparing the operating budget in the provincial councils:

1. After receiving instructions to prepare the operational budget from the Ministry of Finance, a committee is formed to prepare the operational budget for the Council

The budget preparation committee normally consists of heads of the accounts department and audit department under the direct supervision of the finance committee (in some councils, it is called the financial and economic committee). In the absence of a financial committee, the committee operates under the direct supervision of the chairman of the provincial council.
2. The budget preparation committee collects estimates from council's committees and departments for their projected expenditures for the coming year.
3. The committee consolidates all collected expenditure estimates in a unified form consistent with MoF operational budget classification. The committee may also adjust these estimates based on actual expense for the past year.
4. The committee presents to the PC's members in a special session a draft operational budget for discussions and approval.
5. After approving the operational budget by the council, the approved budget is sent to the Ministry of Finance for their approval
6. The operational budget is discussed with the Ministry of Finance and sometimes the MoF amends some of the expenses according to special considerations for the ministry.

Second: Procedures for the execution of the operational budget

The following are illustrative steps/activities which take place in the process of implementing the operational budget:

1. An expense requisition is submitted to the finance committee.
2. The head of the finance committee forward the expense requisition to the PC accounts department to ensure the existence of fund allocation.
3. After confirming the allocations, the request is sent to the chairman of the council or his representative for approval turning the expense requisition into an expense order.
4. The approved expense order is forwarded to the PC audit department to make sure there are no accounting errors found in the expense order.
5. The expense order is sent back to the accounts department to prepare an expense voucher
6. The accounts department sends the expense voucher to the audit department to be checked and stamped with the seal of the audit department.
7. The expense voucher is sent next to the cashier for processing.

In the absence of fund allocation, the expense requisition is sent back to the finance committee to take the necessary action.

Third: Main roles and responsibilities in the process of the preparation and execution of the operational budget in the PCs

The following authorities exercise specific roles and responsibilities in the process of preparing and executing the provincial council operational budget.

A: Roles and responsibilities in the preparation of the PC's operational budget:

- Accounts Department of the Council: collect estimates and prepare the draft budget
- Audit Department: verifies figures
- Finance Committee: provides general supervision of the preparation process
- Ministry of Finance: issues budget preparation instructions and approves the Council's budget

B: Roles and responsibilities in the execution of the PC's operational budget:

The roles and responsibilities associated with the execution of the operational budget

- Accounts Department
- Finance Committee
- Audit Department

12. The PC's Role in Monitoring the Planning and Execution of the Investment Budget

Law 21 gives the provincial council the authority to review, change, and transfer funds among chapters of the draft provincial general budget. According to law 21, article 7, paragraph fifth, the councils approve the budget for the province as a whole. The draft general budget includes budgets of the provincial council, district and subdistrict councils, governor's office, and offices of heads of administrative district and sub-district units.

Once the PC approves the draft general budget plan which includes the ARDP capital investment budget or the proposed project list (PPL) for the province, the approved ARDP budget will be submitted to the MoP for final approval and inclusion in the General Federal Budget.

The assessment findings revealed the following general procedures used by the PC in monitoring the process of preparing and executing the provincial ARDP budget.

First: Monitoring procedures in the planning of the investment budget

The council performs its monitoring role in the preparation of the investment budget through the following mechanisms:

- Council's committees contribute to the development of the province's development strategy.
- The Council reviews the proposed projects list submitted by the Governor for the council's approval.
- The council will take into account during its deliberation of the draft budget a list of criteria such as population density and the actual need and compatibility with the Provincial Development Strategy and Provincial Development Plan .
- In the absence of any objections or changes, the Council approves the budget and sends it to Governor

It should also be noted that the provincial councils are given an explicit responsibility for monitoring the local executives.

Second: Monitoring procedures in the execution of the investment budget

The council performs its monitoring role in the execution of the investment budget through the following mechanisms:

- Field visits to project sites.
- Receiving and reviewing copies of the trial balance reports.
- Reports filed by the heads of the relevant committees of the Council, such as the Strategic Planning Committee and the Finance Committee and Reconstruction Committee.

13. Identified Training Needs within the Provincial Councils

The assessment identified a number of training programs requested by each provincial council that participated in the study. The following table presents a summary of the requested training programs for the PCs.

Region	Provincial Councils	PCs' Training Programs
Central	Baghdad	budget planning and execution, financial management and government accounting, internal audit, inventory management, project audit, feasibility studies, bid analysis, business communications, public administration
	Anbar	operational budgets, trial balance reports, monitoring and evaluation, special training for council members to enable them to perform their oversight and monitoring role and develop a better understanding of the functions of council's committees and how to increase revenues, read the budget, prioritize projects for budget funding
South Central	Babil	planning and budgeting, strategic management for council's leadership, financial management, financial controls, internal audit, performance evaluation, accounting, financial analysis, budget preparation
	Wasit	operational budget, financial reporting, government reporting, investment budget, payroll management, training for council members on oversight and monitoring mechanisms, e-government
	Najaf	planning and budgeting, government budgets
	Karbala	budgeting training
	Diwaniyah	budget preparation cycle, unified accounting system, modern accounting systems, course in excel and its use in accounting, provincial budgeting, financial planning, project management, leadership, modern practices in management, projects costing, strategic planning, business correspondence
South	Basrah	operational and investment budget (planning and execution), strategic management, monitoring and evaluation, contract management, leadership, management and supervisory skills training, strategic planning, e-government
	Dhi Qar	planning and budgeting
	Maysan	financial management and government accounting, operational and investment budget planning and execution, management, project management
	Muthanna	financial management and government accounting, budget estimations, feasibility studies, project monitoring and evaluation
North	Ninawa	strategic planning, project management, budget preparation, performance indicators, training on government budget implementation instructions, implementation of government contracts, government accounting system, advanced courses on the use of Excel program, government contracts and contract management
	Salah ad Din	N/A
	Diyala	financial management, government accounting, budgeting, internal audit
	Kirkuk	N/A

Table 1: The table shows requested training programs by the provincial councils

14. Summary of Key Findings and Recommended Solutions

Subject to government approval, there are several avenues for potential assistance based on the results of this study. The following is a list of recommended technical support areas that the GOs and PCs could benefit from:

Budget preparation process and procedures

The assessments findings revealed that the budget preparation and estimation mechanism is not based on a systematic approach, and does not enforce the participation of the local community in the decision making process.

In order for the budget to serve as a planning, development, monitoring and decision making tool; the current budgeting process need to be reconsidered, starting from the time the MoF issues its instructions for budget preparation to the time the GOs submit their budgets; typically a short period not sufficient for the GOs to be able to truly draw their development and service policy and prepare the budget accordingly.

There are several approaches to budgeting. One of the methods which offers advanced and systematic approach in budget preparation is called ***Programs and Performance Budgeting*** or ***Results-Based Budgeting*** (RBB).

Results-Based Budgeting is not new. This approach has been used for a number of years in both the public and private sectors of several developed and developing countries. The definition of RBB revolves around the concept of aligning resources behind results. It allows the provincial government to answer the following four questions:

- Where are we now?
- Where do we want to be?
- How do we get there?, and
- How do we measure our progress?

This method should allow for a better integration between planning and budgeting where the GOs can plan for future programs with a better clarity about the intended results and the required funding to achieve these results. RBB can be used as a planning, monitoring and decision making tool offering more transparency and accountability mechanisms.

The implementation of this method will help the GOs in the institutionalization efforts of systems and procedures and establishing robust organizational structures. It will introduce the concepts of cost accounting into the GOs and improve the calculations of

the cost of each program, project or activity the GO intends to implement and thus ensure more accurate budget estimates. It will require the adoption of medium-term development plan which will entail continuous communication with the local community to ensure their contribution, along with the central government ministries departments located in the provinces, in setting the provincial plans. These plans need to be systematically analyzed and prioritized according to the available funding and the true needs of the citizens.

RBB should help the GOs in establishing priorities for provincial programs and projects and to develop performance indicators for each program and project.

During the budget execution phase, the budget will serve as a monitoring and performance measurement tool where progress is measured in relation to predefined indicators (physical monitoring) and in relation to budgetary allocation vs. expenditure in carrying out the programs/activities (financial monitoring).

This methodology will enforce a participatory approach in planning and budgeting and will require the involvement of both the provincial authorities and local community in the process.

This budgeting approach will require provide capacity building training to provincial staff to clarify all related concepts and enable them to apply new techniques used in Results-Based Budgeting method.

Linking planning functions to the organization structure:

The real planning function in the GO should identify and organize the provincial financial resources, human resources, tangible assets (all types of properties), in addition to the information and time. Hence, the planning function is directly attached with the provincial organization structure in which the GO's resources are distributed among its units.

As each plan will need proper financing to be implemented, the budget is considered the most important planning tool, where the provincial services and development directions are crystallized.

In this context we say that the financial department in the GO is not responsible for setting plans or for determining the future programs and projects. However, the financial department is responsible for, and in cooperation with the other department in the GO, representing those programs in monetary form and incorporating them within the budget documents.

The implementation of this approach does not require any amendments to the legislations. However, and to insure the success and effectiveness of this approach, the following need to be assured:

- Recognizing, by the senior management in GOs and provincial councils, that managing the GOs starts with its organization.
- Setting a comprehensive organizational structure for the GO including the job descriptions and committing to it.
- Holding the administrations accountable for all resources under their control.
- Committing to the administrative structure and not violating the authorities and responsibilities.
- Designing and executing a training program, at all administrative and technical levels, that addresses these new approaches in term of the concept, implementation method, and anticipated outcome.

Developing cost accounting mechanism

To improve the capacity of the GOs in setting programs and projects cost estimates which is a prerequisite to the adoption of the Results Based Budgeting (RBB) approach, the GOs will need to do the following:

- Identify the time and efforts needed to carry out any activity in the province.
- Commitment from each administrative unit to issue the necessary reports on performance and the use of available resources.
- Use precise information and reporting system on activities funding.
- The cooperation of administrative and technical units in the province in sharing costs information.

To implement this recommendation, the following should be provided:

- Availability of a well defined organization structure.
- Commitment to issue all necessary reports on performance and resources' usage, by all administrative units.
- Availability of well qualified financial staff responsible for allocating costs for the GO's projects.

Developing the administrative structure for the financial department in the GO

There are no accredited and formal organizational structures in the GOs or PCs determined in this assessment study.

There is an opportunity for improvement in developing an organizational structure for the GOs and PCs as a whole and for the financial department in particular, through:

- A. Setting a formal organizational structure that is suitable for the provinces and considers the special needs of each province. The organizational structure will clearly illustrate all the provincial units and specify their authorities, responsibilities, and the way they contribute in fulfilling the provincial goals.

Based on this structure, employees are appointed and distributed among the different units, while specifying their duties, jobs and responsibilities. The right organizational structure controls the precise distribution of staff in a way that no one will be appointed unless there is a vacancy, ensures the ideal human resources employment and distribution in the province.

- B. Setting performance measures at all levels, so the performance of the GO is connected with the performance of the unit and the people working in it. To achieve this, the provincial programs will be broken into activities, which will be then assigned to the different administration units in the GO, each in its field. Subsequently, and during the execution of these activities, the project's or administration's performance will be carefully monitored.

Accordingly, the efficiency of the different administrations and their effectiveness in achieving the anticipated goals will be assessed. These performance measures can be set at the project or the administration level, and can be altered during the project's execution.

Therefore, it is important to adopt a formal organization structure that will manage the financial department in the province and considers the following:

- The organization structure aims to organize the work in the financial department, specify the authorities and responsibilities there, and clarifies the hierarchy for all stakeholders.
- The organization structure shall be formally adopted appropriate legal authorities prior to its application.
- The financial manager is held responsible for the financial department performance.
- The financial manager is granted all authorities necessary to enable him to perform his duties. He will be granted the authority to make changes within the sections (like employees circulation between the sections) while maintaining the sections structure. He will be responsible for managing the financial cadre and for approving their hiring, transfers, and vacations.
- The GO leadership is committed to hire the minimum number of financial employees to fit all financial jobs; but without interfering in the selection process.
- Detailed job description of the financial sections duties and financial jobs description should be specified.

With the implementation of this recommendation, the financial department will be well institutionalized, thus laying the foundation for improved financial performance.

Improved accounting and bookkeeping system

Without completeness, accuracy, timeliness and reliability in the accounting function, it is impossible for the provincial leadership to make informed decisions and to control and direct its operations effectively.

Improving budget execution process and procedures will require improving the bookkeeping and accounting system.

Currently, the provinces use the double entry bookkeeping system. The GOs may however benefit from introducing enhancements to the performance of the existing bookkeeping systems through specialized capacity building training in government accounting.

The training should cover government accounting procedures and how to prevent data losses, track down data deficiencies, increase accounts integrity, and obtain reliable and accurate financial statements.

By applying the double entry bookkeeping system, journal vouchers are used to record the accounting transaction. The way to apply this method is by recording every financial transaction, payments and receipts in two entries. All transaction entered into the system are posted to the General Ledger (GL), allowing the organization to create periodic financial statements to see where it stands financially up to a given date.

Developing the accounting standards

Currently, the provinces adopt the cash-basis accounting. Only amounts paid or received are recorded, whereas the financial transactions that are not accompanied with a cash flow are not being reflected in the GOs' accounting books.

The governments worldwide are applying more comprehensive accounting standards. Moreover, the international accounting agencies recommend that the governmental agencies are transferred to what is called the "accrual based accounting".

- Under this accounting standard, all financial transactions, whether paid, received, or accrued are recorded.
- The accrual based accounting method serves in accurately identifying the province's rights, obligations, expenditures, and revenues.
- The accrual based accounting demonstrates the GO's development and service capacity.
- The implementation of the accrual based accounting in the provinces does not require any additions in the accounting books or registers, or any staff change.

With the implementation of this recommendation, the province's accounts will be organized, using modern accounting standards and the real GO's financial position will be more accurately defined. Reliable financial statements will be produced, province's funds will be fully controlled, and the financial department's performance will be enhanced.

Generating balance sheets and financial statements

The adoption of improved accounting standards and procedures should allow the GOs to obtain more reliable financial reports. These reports will objectively identify the strengths and weaknesses in the GO's performance, its capacity in realizing revenues,

and will serve in performing a systematic financial analysis. Such information will be provided constantly, without having to wait for the annual closing account report. The balance sheets are the financial department's reference in generating reliable financial statements; as they include monthly detailed information on the balances and performance results of all the GO's accounts. Moreover, the use of the double entry and accrual based accounting methods, will help the financial department in submitting an unlimited number of financial reports, instead of only depending on limited reports, with all the deficiencies and incomprehensiveness it includes. Following are the major reports that could be provided:

- The financial position report.
- The financial performance report (revenues and expenditures).
- Cash flow report (moneys sources and usage)
- Reports on GO's assets, liabilities, accounts payable, accounts receivables, inventory, trusts, collections, and others.

Budgeting and financial management procedures manual

In the case that the improvement opportunities outlined in this report were adopted, a procedures manual that serves as guide on how to implement these opportunities should be developed.

The procedures manual will serve in identifying the responsibilities of each financial job, and will serve as a guide for financial employees, new or old, and regardless of their qualifications, on how to perform their daily work in a clear and easy way. The manual will serve as a reference for the provincial budgeting and financial management staff, and will enable any employee assigned to do the financial work to conduct his or her duties easily.

By applying the manual, strengths and weaknesses in the performance of budgeting and financial staff can be identified, and the parties responsible for any violations in the financial controls, if any, will be known.

The manual should be developed by the consultancy team and the financial department will be responsible for its implementation. Training should be provided to help in the implementation process.

With the implementation of this recommendation, the financial work will be well organized, and the requirements for conducting each procedure will be defined. The GO's accounts will be organized, using the best accounting standards that are used worldwide. Accordingly, the real GO's financial position will be known. Reliable financial

statements will be produced, GO's funds will be controlled, and the financial department's performance will be enhanced.

Developing the financial reports system

The assessments findings revealed the need for developing a financial reporting system capable of producing an unlimited number of daily, weekly, monthly, quarterly and annual financial reports. The reports should differ in their content and details depending on each province, and the issuing and receiving party. Nevertheless, reports that should be issued by all provinces are the monthly and annual reports produced after closing the accounting period and reconciling the accounts. Accounting ledgers are the source for all reports. Details on the reports' structure, content, and number of copies, will be determined after the approval of the improvement opportunities stated in this report, and during the preparation of the provincial budgeting and financial management procedure manual.

Developing the current budgeting and financial management forms

The financial documents represent critical means by which the performance of the financial department is measured. Accordingly, and to ensure harmony and better control, a newly developed budgeting and financial management forms could be introduced to fill the gap and provide the needed financial information. Certain measures should be set to control these forms, whether before or after its use.

The forms that the GOs and PCs use for receipts, payments, registers, and reports should be designed according to a systematic method that achieves defined results. The details of how these forms will be developed are directly associated with the improvement opportunities to be adopted.

Project, Procurement and Contract Management Bottlenecks

These problem areas are being seen on the ground, with the general absence of sufficient project management and contract management skills and lack of sufficient feasibility studies to inform procurement planning, drafting of bidding documentation and contract specification.

The assessment revealed that since the GOs lack the required expertise to conduct economic feasibility studies for their ARDP proposed project listings, the planning departments which are located in the provincial ministerial directorates prepare these economic feasibility studies and bills of quantities (BoQs) on behalf of the GOs. This situation should be rectified through focused technical training to rectify these deficiencies in skills and knowledge gaps.

Concerning project management skills, the GOs could benefit from technical support through partnership initiatives with leading project management institutions such the

Project Management Institute (PMI). The PMI is a not-for-profit organization for the project management profession with the purpose of advancing project management worldwide. The GOs could benefit from a wide range of services offered by the PMI including training seminars and maintaining multiple credentials and certifications in project management for relevant provincial staff members.

With the implementation of this recommendation along with improvements to the provincial budgeting and financial management system, the GOs could effectively start addressing skills and knowledge gaps that are greatly influencing low budget execution rates.

The GOs could also benefit from technical support in the areas of advertising and awarding project contracts and improve understanding of procurement procedures.

Contract negotiation is another area for potential assistance to help remove obstacles that are causing delays and ensuring that the government is receiving good value for money. Poor specification in bidding documents and a lack of negotiating experience by the both negotiating parties are contributing to the problem.

Even after successful negotiation, contract specification is often found to be poor. This can have flow-on effects at other stages in the budget execution cycle, especially at verification and payment stages. Additionally, delays with the provision of annual capital investment and procurement plans to the MoP have led to commitment delays. Provision of such plans to MoP is a key control point.

There are consequences for lack of certain transparency and accountability measures. A common approach to improving the level transparency and accountability practices is by identifying and then heavily sanctioning offenders. This approach is designed to entrench correct incentives to not engage in unacceptable practices. It should be pointed out however that this approach generally works in countries with a solid accountability framework.

Finally, establishing a Project Management Team (PMT) in each GO devoted to work on overcoming project management related issues in the implementation of the capital investment projects may be a good idea to help with improving the low budget execution rates. The GO should target a number of well qualified and experienced government officials to join the PMT. Staff could be drawn from provinces with the possibility of including representatives from the PCs, MoF, MoP, central ministries department within the provinces, Board of Supreme Audit (BSA). Establishing professional development and training program for PMT in partnership with the PMI and companies dedicated to public works contracts at the local level may enhance the effectiveness of the performance of such team. Examples of skills required for members of the PMT include program and project management, change management, international procurement, stakeholder consultation and contract management, communication and others.

Computerization of financial management processes and procedures

Eventually, the financial management processes and procedures will need to be automated across all governors' offices (GOs) and provincial councils (PCs) once all the processes and procedures are functioning properly in the manual system. The computerization of the provincial budgeting and accounting function should give the provincial governments a computerized system with on-line access and real time updated centralized database for all provincial and local government spending units. This should include computerization of budget formulation, budget execution and accounting. The computerized system can serve as an effective management and monitoring tool for managing budgets and accounting operations.

While the integration of information and communications technology (ICT) is an important component of modern public financial management (PFM) reform, at this stage Iraqi provinces have an opportunity to reform the manual financial management system first before considering automation of core financial functions.

Technical assistance and capacity building for the provincial councils

The finding of this study reveals the need for technical assistance and capacity building training for members of provincial councils enable them to carry out their mandate in reviewing and approving the draft general budget plan referred to the council by the governor. During the assessment process, requests were made for special training for council members to enable them to perform their oversight and monitoring role, develop a better understanding of how to increase revenues, read the budget, prioritize projects for budget funding and develop a better understanding of the functions of council's committees.

The sub-provincial councils at the district and subdistrict levels also have considerable rights and responsibilities including preparing their own draft operational budgets, and approving the district and sub-district offices operational budgets and investment project listings before sending to the Governor. They should be included in such capacity building efforts. The benefit to the provincial and sub-provincial councils is an improved and more effective oversight and monitoring role for the councils' members.

Capacity building training program

A comprehensive and integrated capacity building training program should be designed and delivered to improve the efficiency and efficacy of the provincial budget preparation and execution of the provincial budget for the GOs financial staff in the 15 provinces. The capacity building program should be "competency based" focusing on the critical technical skills and knowledge needed in the GO's departments involved in the planning and execution of the budget. This recommendation is critical to improve human capital talent to operate the systems more efficiently.

In addition to the summary tables of requested training programs, there is a real need to deliver training in the following subjects:

- Financial and accounting standards and concepts including the financial cycle stages, preparing and posting journal entries, preparing balance sheets, and generating various financial reports, budget sheet, financial performance, cash flow, and other reports.
- Methods, bases, procedures and forms to prepare and execute GO's budget, including the concept of "Results-Based Budgeting" (RBB) and its application at the provincial level.
- Internal audit at the provincial level course for auditors appointed at the internal audit unit.
- The provincial financial laws and legislations that are referenced by financial employees during their normal daily work.
- Using the computer in performing the financial and accounting work and in preparing the financial reports.
- Applying the principles of cost accounting in determining the cost of GO's services.
- Analysis of provincial financial statements

In order to realize the anticipated results of this training, the following should be considered:

- The training program should be executed in phases, starting with finance basics.
- Training syllabus and material should be developed after approving the opportunities of improvement to maximize the benefits.
- The training program should be executed after formally adopting an organizational structure for the financial department in the provinces, where only relevant employees will attend the courses.

15. Conclusions

There are a number of improvement opportunities identified across the process areas in the provincial budgeting and financial management systems in Iraq. The recommended improvements in this study should create an opportunity for the decision makers at the central and provincial levels to consider practical solutions to establish a strong foundation for enhanced financial management system and in particular improved planning and execution of the provincial capital investment budget (ARDP budget).

The recommended solutions need to be taken as part of an overall provincial budgeting system reform strategy which should be homegrown and country-led. Due to the limitations and constraints on the ground, the reform process should be designed to be implemented gradually and incrementally adopting pilot approaches. The process should start with reforming the existing manual budgeting and financial management system first. The proposed budgeting and financial management procedures manual can serve as a reference to guide the reform process and enable the provincial financial employees to perform their daily work in a clear and easy way. Ultimately, the financial management processes and procedures will need to be automated across all governors' offices (GOs) and provincial councils (PCs).

There are significant benefits to the GOs and PCs to be gained as a result of reforming the existing provincial budgeting and financial management system: more effective planning and allocation of resources, institutionalization of the planning processes at all levels of government, transparent and inclusive budgeting process, budgeting is focused on output (results) rather than input, strong accounting and improved recording and processing of financial transactions, up-to-date and timely financial reports, better decision making and strategic planning and improved human capital talent to operate the systems more efficiently. The provincial councils (PCs) will specifically benefit from more effective oversight and monitoring role which is crucial to sound governance and Public Financial Management (PFM) reforms.

Annexes

Annex I - GO Budgeting Process Assessment Tool

IRAQ GOVERNANCE STRENGTHENING PROJECT (GSP)

Current Situation Analysis

The Budgeting Process at the Governor's Office

Final Version, 17 July, 2012

Date: _____

Province:	Department/Section:
Participants Names, Titles, Departments/ Sections: 1. 2. 3.	Contact Information: 1. 2. 3.
Interview Date:	Interview Location:
Provincial Coordinator:	Contact Information of Provincial Coordinator:
GSP Regional Manager:	Contact information of GSP Regional Manager:

First: General questions about the GO's budget

1- What are the main revenue sources for the province?

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2- How much is the estimated annual operational budget for the GO for this year and how much is the estimated and actual operational budget for the past three years?

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3- How much is the estimated annual investment budget for the GO for this year and how much is the estimated and actual investment budget for the past three years?

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4- How much was spent on investment projects in the last year?

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5- Are there any problems related to receiving MOF allocations for investment projects?

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6- Any other issues related to the financial position of the GO?

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Second: Questions about Accelerated Reconstruction Development Program (ARDP)

1- What is the objective of ARDP?

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2- What are the sources of ARDP funding for the provinces?

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3- What are the procedures used for spending ARDP fund on provincial investment projects?

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4- Are there any difficulties or constraints in fund release or making payments to the contractors or contracting companies?

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Third: Questions about the preparation of the GO investment and operational budgets?

Investment Budget - Questions about the preparation of the provincial investment budget

1- What are the sections/units in the GO responsible for the preparation of the investment budget? Where do they fit into the organizational structure?

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2- What are the roles and responsibilities of each of these sections/units in the preparation of the investment budget?

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3- Does the GO receive budget preparation instructions in a timely manner?

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4- When does the budget preparation process start and how long does it take to complete the cycle?

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5- Describe in details the stages and procedures in the preparation cycle of the provincial investment budget? Please attach blank forms used, if possible.

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6- What are the criteria used to prioritize projects during the planning of the provincial investment budget? How are these criteria established?

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7- How are budget estimates set for revenues and expenditures for the provincial investment budget?

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8- What are the coordination mechanisms between the GO and PC regarding the preparation of the investment budget?

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9- How does the GO coordinate with district councils during the preparation of the investment budget?

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10- How does the GO coordinate with ministries and line ministries during the preparation of the provincial investment budget?

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11- How do you assess the level of coordination between ministries and local governments with regard to the implementation of the ministerial investment budget?

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12- Do you have the skills required to improve the level of performance in conducting relevant feasibility studies? If the answer is NO, state the skills needed to be improved related to feasibility studies?

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13- Are there in your opinion deficiencies or weakness in process of preparing the provincial investment budget?

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14- Are there any planned solutions for any of these weakness? If the answer is YES, what are these solutions and how far they are effective?

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15- Are there any constraints or obstacles encountered during the preparation of the provincial investment budget due to existing budget laws or regulations?

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16- Are there computerized systems or software applications used in the preparation of the provincial investment budget?

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Investment Budget - Questions about the execution of the provincial investment budget

1- What are the sections/units in the GO responsible for the execution of the investment budget? Where do they fit into the organizational structure of the GO?

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2- What are the role and responsibilities of each of these sections/units in the implementation of the investment budget?

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3- Are there clear and written procedures for these sections/units to follow up in the implementation of the investment budget? If the answer is yes, are these procedures working effectively.

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4- What are the criteria used to identify priority projects for implementation? How are these criteria established?

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5- Are there planned solutions for any of weaknesses related to the execution of the provincial investment budget? If the answer is YES, what are these solutions?

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6- Does the delay in passing the federal budget affect the execution of investment budget implementation in provinces? How does MoF delay in issuing instructions related to investment budget affect the implementation of the budget?

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7- Are there any constraints or obstacles encountered during the implementation of the investment budget due to applicable budget laws, regulations, or instructions?

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8- Are there computerized systems or software applications used by the GO in the execution of the provincial investment budget? If the answer is no, how does this affect the monthly reports submitted to the MoF?

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9- Are there any suggestions to improve the procedures used in making payments to the contractors and contracting companies?

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10- What are the software applications used to prepare closing accounts?

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11- Do the financial reports submitted to the MoF meet the province needs?

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12- Do the reports submitted to the MoP meet the province needs?

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Operational Budget - Questions about the preparation of the operational budget

1- What are the sections/units in the GO responsible for the preparation of the operational budget? Where do they fit into the organizational structure of the GO?

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2- What is the role of each of these sections/units in the preparation of the operational budget?

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3- Does the GO receive instructions related to the preparation of the operational budget in a timely manner?

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4- When does the operational budget preparation process start and how long does it take to complete the cycle?

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5- What are the forms used in the various stages of the preparation of the operational budget estimates? Please attach copies of blank forms used?

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6- Describe the different phases of the preparation of the operational budget (i.e. who is responsible for this, what is the time required, how it is approved)

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7- How are budget estimates (revenues and expenditures) for the provincial operational budget are set?

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8- Any other issues related to the operational budget?

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Fourth: Questions about Auditing and Internal control

1- Are there programs designed for improving the performance of the GO Auditing and Internal Control Unit?

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2- Is auditing conducted by agencies/individuals from outside the GO? If YES, please list their name(s)?

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3- Please describe and give examples on how these parties conduct the auditing process? Have these efforts contributed to improved accountability and transparency practices within the GO?

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4- Do you have plans for mechanisms to be adopted to improve accountability and transparency?

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5- What type of financial and administrative control mechanisms do you have over the implementation of the investment budget? How do you assess the effectiveness of these controls?

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6- Are there guidelines for auditing and internal control of investment budget implementation? Are there performance indicators set for this purpose?

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Fifth: Questions about oversight and inspection

1- Who is in charge of oversight and inspection? How are oversight and inspection activities carried out?

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2- How does the Governor exercise his oversight role in the implementation of investment budget projects?

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3- What are the challenges and problems facing the GO Planning and Follow-up section in the process of following up on the implementation of investment projects?

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Sixth: Questions about training needs for GO staff

1- What are the challenges facing the staff in undertaking their duties related to the implementation of the operational and investment budgets?

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2- Which staff members require more training courses?

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3- Does the Go have plans for offering training on the preparation and execution of the provincial budget? If YES, are able to share these plans with us?

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4- What are the priority and urgent training subjects for you at this time which you have not offered to your staff yet?

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5- Are there specific training subjects related to the preparation and implementation of the investment budget that you would like to have?

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6- Are there specific subjects related to the preparation and implementation of the operational budget that you would like to have?

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7- Any other topics you would like to suggest not mentioned so far?

Seventh: General questions

1- Do citizens and community groups take part in the preparation of the investment budget?

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2- What are the existing methods used for engaging citizens in the preparation of the investment budget?

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3- Can you provide us with a copy of the latest provincial budget adopted? Is it possible to provide us with the budget estimates for the years 2009, 2010, and 2011?

4- Can you provide us with a copy of the actual budget for the years 2009, 2010, and 2011?

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5- How many investment and service projects are planned for in 2012, and how much is their total estimated cost?

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6- Does the GO perform its financial processes and procedures manually or electronically? Can you elaborate in which area a manual system or electronic system is used?

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7- Any other related issues?

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Annex 2 - PC Budgeting Process Assessment Tool**IRAQ GOVERNANCE STRENGTHENING PROJECT (GSP)****Current Situation Analysis****The Budgeting Process at the Provincial Council***Final Version, 17 July, 2012*

Date: _____

Province:	Department/Section:
Participants Names, Titles, Departments/ Sections: 4. 5. 6.	Contact Information: 4. 5. 6.
Interview Date:	Interview Location:
Provincial Coordinator:	Contact Information of Provincial Coordinator:
GSP Regional Manager:	Contact information of GSP Regional Manager:

First: Questions about the administrative structure associated with the budget preparation process

1- How does the PC coordinate with the GO and its executive bodies over the planning and execution of the provincial budget and other financial issues, local development, investment projects, and delivery of public services in the province?

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2- What is the existing administrative structure of the PC? Please provide a copy of the PC organizational structure, if possible.

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3- What are the PC committees involved in the planning and execution of the budget? Please indicate the role and responsibilities of these committees:

Name of committee: -----

Name of committee: -----

Name of committee: -----

Name of committee: -----

Name of committee: -----

Second: General questions about the PC's budget

1- How much is the estimated annual budget for the PC for this year and how much is the estimated and actual operational budget for the past three years

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2- What are the main revenue sources for the PC?

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3- How do you describe the current PC financial situation? Are there specific financial difficulties? Are there plans for improving the PC financial situation?

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4- How does the PC coordinate with the MoF regarding the preparation of its operational budget?

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5- What type of problems and challenges does the PC financial and economic affairs committee face in carrying out its role and responsibilities?

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6- Any other issues related to the PC role and functions relegated to the budget and its financial situation?

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Third: Questions about the PC operational budget

1- What are the sections/units in the PC responsible for the preparation of the operational budget? What are the instructions used for this purpose? Who issues these instructions? Please attached a copy of the instructions, if possible?

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2- When does the operational budget preparation process start and how long does it take to complete the cycle? How is the PC budget approved?

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3- Describe the different steps or phases of the preparation of the operational budget (i.e. who is responsible for this, what is the time required, how it is approved)

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4- How are budget estimates (revenues and expenditures) for the PC operational budget are set?

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5- How do the PC Planning Committee and the PC Financial Committee coordinate regarding the preparation of the PC budget?

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6- How are budget estimates (revenues and expenditures) for the PC operational budget are set?

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7- Can you provide us with a copy of the latest approved PC budget adopted? Is it possible to provide us with the budget estimates for the years 2009, 2010, and 2011?

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8- Can you provide us with a copy of the latest actual PC budget? Is it possible to provide us with the actual budget for the years 2009, 2010, and 2011?

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9- How does the PC coordinate with districts and sub-districts concerning the preparation of the operational budget?

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10- Do the employees receive training on budget preparation and implementation? Who provides this training?

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11- Are there specific training subjects related to budget preparation and implementation that you would like to receive?

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12- Any other related issues?

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Fourth: Questions about Accelerated Reconstruction Development Program (ARDP)

1- What is the objectives of ARDP?

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2- What are the criteria and procedures used in prioritizing investment projects?

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3- Are citizens involved in the discussions of the provincial investment budget?

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4- Do citizens have any role in choosing certain capital investment projects? How do they exercise this role?

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5- How does the PC coordinate with the GO with regard to the preparation of the investment budget?

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6- What are the challenges and barriers facing the PC Planning Committee, if any?

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Fifth: General questions about the PC financial management

1- Where does the financial section fit into the overall PC organizational structure?

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2- What are the units that make up the PC financial section? What are the number and qualifications and experience of financial staff in the financial section? How are duties and responsibilities are divided among them?

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3- Are there computerized systems or software applications available for the preparation and implementation of the PC operational budget? If YES, please give us an idea about these programs and who developed them?

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4- What type of training the financial staff already received in the area of budgeting and financial management? Who provided the training? Is there specific training you would like to have at this time?

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5- What are the challenges and barriers facing the financial section, if any?

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6- How does the financial section coordinate its work with other sections during the preparation of the PC operational budget?

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7- What are the main challenges facing the section in performing its role?

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Sixth: questions about auditing and internal control

1- Is there an audit unit within the PC? Where is it placed in the PC organizational structure? What is its function and number of employees?

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2- Is auditing conducted by agencies/individuals from outside the GO? If YES, what are these parties?

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3- Please describe and give examples on how these parties conduct the auditing process. Have these efforts contributed to improved accountability and transparency practices within the PC?

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4- Do you have plans for mechanisms to be adopted to improve accountability and transparency?

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Seventh: questions on the monitoring role of the PC

1- How does the PC exercise its monitoring role over the execution of the investment budget? What are the procedures used?

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2- What are the PC committees responsible for exercising this role?

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3- How are the monitoring and monitoring reports prepared by the PC committees and submitted to the chairman of the PC?

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4- How does the PC monitor the implementation of the investment projects?

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5- Are there challenges facing the PC in performing its monitoring mandate over the implementation of the investment projects?

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Eighth: Questions about the PC training needs

1- What training subjects related to the preparation of the operational budget are needed by financial staff?

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2- What are the training subjects that the PC needs related to the preparation of the investment budget and performing monitoring functions over the investment budget?

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3- What are the priority and urgent training subjects for you at this time which you have not offered to your staff yet?

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4- Any other training suggestions?

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